

Message Text

CONFIDENTIAL

PAGE 01 TEL AV 07950 101553Z

63

ACTION NEA-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 CCO-00 USSS-00 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03

RSC-01 PRS-01 SPC-03 SS-15 USIA-15 ACDA-19 IO-15 EB-11

OMB-01 TRSE-00 DRC-01 /131 W
----- 063834

R 101424Z OCT 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 0069

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USINT CAIRO

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

C O N F I D E N T I A L TEL AVIV 7950

E O 11652: GDS

TAGS: EFIN, IS

SUBJECT: FINANCING THE WAR

1. MINISTERIAL ECONOMIC COMMITTEE REPORTEDLY APPROVED OCT 9
LEVYING NEW COMPULSORY LOAN ON ISRAELI PUPULACE, EXPECTED TO
RAISE ADDITIONAL IL 1,000 MILLION DURING NEXT 12 MONTHS.
(TOTAL OF TAXES, MISCELLANEOUS REVENUSE, AND COMPULSORY LOANS
WAS EARLIER FORCAST TO RAISE OVER IL 14,000 MILLION DURING
CURRENT

FISCAL YEAR.) LOAN IS SUPPOSED TO BE FOR 15-YEAR TERM
AT THREE PERCENT INTERESTS, WITH PRINCIPAL LINKED TO CONSUMER
PRICE INDEX, AND
INTEREST THEREON PAID OUT EVERY FIVE YEARS.

LOAN WILL BE LEVIED BY PROGRESSIVELY WITH HIGHER INCOME LEVELS
PAYING MORE. PROCEEDS OF LOAN AND OTHER BUDGETARY ADJUSTMENTS
MADE WILL BE APPLIED TO DEFENSE BUDGET. THIS WILL ONLY COVER
PART OF INCREASED COSTS, WHICH ARE ESTIMATED BY FINANCE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEL AV 07950 101553Z

MINISTER TO EXCEED IL 4,000 MILLION ALREADY, INCLUDING EQUIPMENT

AND SUPPLIES EXPENDED. (COMMENT: THIS FIGURES IS SURELY PLUCKED OUT OF THE HAT; NO ONE AT THIS POINT CAN PUT PRICE TAG ON THIS WAR.)

RPPM MEANWHILE FUND-RAISING EFFORTS ABROAD HAVE BEEN FAVORABLY AFFECTED BY WAR. ISRAEL BMRDS ORGANIZATION IS SAID TO HAVE SOLD DOLS 35 MILLION IN BONDS SINCE WAR BROKE OUT; EARLIER ESTIMATE OF DOLS 315 MILLION FOR 1973 MAY BE EXCEEDED BY DOLS 150 MILLION, IF 196

EXPERIENCE IS ANY GUIDE. LAGGING UJA CONTRIBUTIONS WILL ALSO BE HELPED: AS COLLECTIONS OF PLEDGES WERE SERIOUSLY BEHIND SCHEDULE, THIS IS HELPFUL DEVELOPMENT.

3. AS IN 1967, F Y THE EXCHANGE WILL BE BOOSTED SHARPLY; HOWEVER, GOI IMPOSED INFO BLACKOUT FOR FOUR MONTHS AFTER 1967 WAR AND MAY DO SO AGAIN.

4. BILL FO FULL COST OF WAR MAY NOT BE PRESENTED UNTIL AFTER ELECTIONS. USG CAN EXPECT TO BE ASKED TO INCREASE ITS AID TO ISRAEL.
KEATING

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAR, LOANS, CENTRAL GOVERNMENT TAXES, PROGRESSIVE TAXES, FINANCIAL DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 10 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TELAV07950
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS KEATING
Errors: N/A
Film Number: n/a
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731040/aaaabcxu.tel
Line Count: 81
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 28 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Dec-2001 by shawdg>; APPROVED <21 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCING THE WAR
TAGS: EFIN, IS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005